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PARIS FOR US MISSION TO OECD

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SUBJECT: OECD-MENA MINISTERIAL CONFERENCE, NOVEMBER 23, MARRAKESH

RABAT 00000950 001.3 OF 006

11. SUMMARY AND INTRODUCTION: The November 23 OECD-MENA Ministerial Conference in Marrakesh, Morocco, brought government, business, and civil society leaders together to debate policy responses to the global economic crisis as well as government and business climate reforms in the Middle East and North Africa (MENA). The day preceding the ministerial, Morocco also hosted the OECD/MENA Business Forum and a Women Business Leaders Summit, which informed the outcomes of the Ministerial Conference. The Ministerial adopted a declaration outlining OECD and MENA partner countries' commitments to take concrete actions to improve public governance and their business climates. During the conference, Morocco signed the OECD Declaration on International Investment and Multinational Enterprises, the second MENA country to do so following Egypt. Morocco also followed Egypt in assuming the co-presidency of the OECD-MENA Initiative for the next three years, along with Belgium and Spain. End Summary.

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BACKGROUND

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¶2. The Ministerial Conference in Marrakesh took place within the framework of the OECD-MENA Initiative on Good Governance and Investment for Development launched in 2005. The Initiative guides OECD support to 18 MENA countries in efforts to improve their investment climate and foster good governance. The Initiative's two components, the Investment Program and the Governance Program, integrate regional dialogue, peer review, definition of reform priorities and assistance in implementation at the regional and country-specific levels to improve government services to citizens and maximize investment successes. Since 2005, Bahrain, Egypt, Morocco, Tunisia and UAE (Dubai) have opened regional centers under the OECD-MENA Initiative that focus on corporate governance and the efficient allocation of public resources.

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BUSINESS FORUM  
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¶3. The Conference events in Marrakesh opened with the OECD-MENA Business Forum and the Women Business Leaders Summit, both held on November 22. The Forum brought together CEOs, business leaders, and high-level officials from OECD and MENA countries, including representatives of international, regional and local business women's associations. Participants reviewed the impact of the global economic crisis on the region's financial sectors and discussed ways for businesses and governments to identify and implement lessons learned from crises. The Forum closed by adopting a joint Business Statement.

RABAT 00000950 002.3 OF 006

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WOMEN BUSINESS LEADERS SUMMIT  
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¶4. The OECD-MENA Women Business Leaders Summit reviewed progress since the 2007 OECD-MENA Ministerial Declaration on Fostering Women's Entrepreneurship in the MENA Region and produced a Draft Action Plan on Fostering Women's Entrepreneurship in the MENA Region. Summit participants exchanged experiences in overcoming obstacles to entrepreneurship and shared recommendations to governments on how to improve the climate for women's economic participation.

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MOROCCO, MODEL FOR SOCIAL AND POLITICAL REFORM  
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¶5. U.S. Ambassador-at-Large for Global Women's Issues Melanne Verveer, a keynote speaker and panelist at the Women Business Leaders Summit, praised Morocco as a model country in the MENA region for its social and political reforms. Ambassador Verveer lauded Morocco's support for women's rights, in particular the 2004 adoption of a new family code, and highlighted access to microfinance as a contributor to improving women's economic status. She mentioned the MENA Women Business Network supported by the Middle East Partnership Initiative (MEPI) and encouraged participants to take part in the Global Entrepreneurship Summit, announced by President Obama in his Cairo speech and to be held in Washington in early 2010. She urged women entrepreneurs in the MENA region to cooperate with each other via networks for exchanging experiences and dialogue.

¶6. U.S. Permanent Representative to the OECD Ambassador Karen Kornbluh chaired the Women Leaders Summit Networking Roundtable. In opening the session, Ambassador Kornbluh noted that she had recently chaired a MENA-OECD Working Group meeting on Fostering Women's Entrepreneurship in the MENA region, and looked forward to further discussion on seeking ways for women in the region to overcome obstacles to entrepreneurship. Participants discussed regional governments' roles in increasing female participation in the economy as part of a strategy for job creation and economic growth. They also addressed concrete measures that can be taken to eliminate gender-specific obstacles to entrepreneurship and employment and

explored ways to advance the MENA-OECD Women's Business Network.

¶7. A separate session was dedicated to the MENA Forum on Responsible Business Conduct, at which representatives of business,

RABAT 00000950 003.3 OF 006

government and civil society presented successful responsible business experiences. A parallel session focused on the MENA Commercial Law Strengthening project, implemented by the International Advisory Group of the Arab Center for the Development of the Rule of Law and Integrity (ACRLI) in cooperation with MEPI.

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GOVERNANCE FORUM  
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¶8. At the OECD-MENA Governance Forum, policy makers, experts and civil society representatives debated preconditions for economic recovery and sustainable growth. The Forum focused on governments' roles in anticipating and managing strategic challenges, such as the financial crisis. Themes included balancing competing sectors' interests in policy development, ensuring participation of women in economic life, ensuring the integrity of increasing interactions between the public and private sectors, and government communication strategies.

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MINISTERIAL SESSION  
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¶9. In the November 23 ministerial sessions, representatives of MENA and OECD countries debated policy responses to the economic crisis, including reinforcing partnerships between MENA and OECD countries and within the MENA region itself, as well as reform strategies for building stronger and fairer economies. Morocco's Minister Delegate for Economic and General Affairs Nizar Baraka presided a panel on Investment and Business Climate, drawing on the work of the Business Forum and the Women Business Summit the previous day. Participants presented key measures and reforms initiated to improve the investment and business climate in their countries as well as expected follow up actions from the MENA-OECD Investment Program. Ministers launched a MENA-OECD Business Council to guide work with the private sector, provide policymakers with recommendations on reform priorities, strengthen the public-private dialogue, generate new business opportunities and foster sector-specific contacts.

¶10. Ambassador Kornbluh noted the impressive strides MENA countries had made in enabling growth and prosperity through economic reforms meant to spark development and job creation. She added that the OECD-MENA program was consistent with President Obama's Cairo speech stressing partnership and responsibility. Kornbluh welcomed the emphasis that the OECD-MENA Investment Program plans to place on policy reforms to support entrepreneurship and skill-building, especially for women and youth. She urged MENA countries to work to keep markets open, warning against the dangers of protectionism.

RABAT 00000950 004.3 OF 006

Kornbluh reiterated the U.S. commitment to revitalizing multilateral financial institutions to help tackle global poverty and act as essential partners in times of financial stress. She praised the OECD-MENA program's focus on encouraging partner countries to take responsibility for their own reform agendas through collaboration with their peers and business leaders. She indicated that the U.S. was favorably disposed to continue financial support in 2010 for the OECD-MENA Investment Program, and in that regard was considering providing up to USD 1 million in funding to continue the good work underway.

¶11. Other OECD member countries making interventions in the Investment Business Climate Panel included Germany, Japan, Netherlands, Sweden, Canada, Switzerland and Turkey. A consistent theme was the need to advance reform efforts most likely to bring about a stable business environment in the MENA region. These would

include measures leading to steady growth and investment and generating employment, with particular emphasis on the growth potential derived from greater women's entrepreneurship. The Japanese delegate stressed her country's desire for its industry to be able to expand further in the region once modern and uniform investment regimes have been enacted and implemented. The Japanese expressed a strong interest in facilitating the adoption of green technology and helping develop human capital (managerial skills) in future investment projects and hoped to create 15,000 new jobs -- with an expectation that a least half will be available to women. Both Canada and Sweden, the other major OECD-MENA donor members, were in agreement that the investment reforms and the business climate development strategy should continue to develop women's entrepreneurship.

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SUPPORTING GOOD GOVERNANCE IN MENA REGION  
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¶12. Morocco's Minister-Delegate in Charge of Public Sector Modernization Mohamed Abbou chaired a Public Governance Panel, a forum for participants to exchange ideas on public governance in order to strengthen partnerships for reform in the MENA region. Panelists identified priorities, opportunities and the framework for future regional cooperation and dialogue. EconOff, speaking for the U.S., stated that good governance remains a high priority for U.S. foreign and development policies. He reviewed U.S. financial support to OECD's work on governance, emphasizing OECD's partnership with the UNDP program on Governance in the Arab Region (UN POGAR). He affirmed continued U.S. support to the OECD-MENA partnership and its focus on the tools and policies to combat corruption.

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RABAT 00000950 005.3 OF 006

MARRAKESH DECLARATION  
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¶13. The conference concluded with the adoption of the "Marrakesh Declaration of the MENA-OECD Ministerial Conference on Policy Responses to the Crisis." The declaration included commitments to integrity and transparency in the public sector and to support for freedom of investment, trade and private sector development. It also underlined the need to increase the participation of women in economic development and prosperity in the region. "This declaration reflects the commitment of countries in the region to continue reforms and to act together to overcome the effects of the crisis," Baraka said. "In order to achieve our growth goals, we have to work together and get back to basics, putting citizens at the heart of our policies."

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MOROCCO SIGNS OECD DECLARATION  
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¶14. On the margins of the ministerial, the Government of Morocco signed the OECD's Declaration on International Investment and Multinational Enterprises. Morocco is the second MENA country to sign the declaration, following Egypt (in 2007). The declaration commits Morocco to supporting an open environment for international investors and encouraging responsible investment by multinational companies as a means to promote prosperity and growth. By signing, Morocco undertakes to treat foreign investors in the same way as domestic investors and to promote responsible business conduct. (Note: The Declaration's other 42 signatories include 30 OECD countries plus Argentina, Brazil, Chile, Egypt, Estonia, Israel, Latvia, Lithuania, Morocco, Peru, Romania and Slovenia.)

¶15. Speaking at a press conference, OECD Secretary-General Angel Gurría welcomed Morocco's action as proof of its efforts to develop a more open and transparent investment regime and to ensure improved business conditions for both domestic and foreign investors. Minister Baraka stressed that Morocco sees its adherence not only as a recognition of its investment policy achievements but also as a roadmap for continuing reforms in line with OECD countries' best practices and standards. Morocco will continue to hold a high

profile in the OECD-MENA Initiative for the next three years as it serves as co-president, along with Spain and Belgium, replacing Egypt in this role.

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INFORMAL DONORS MEETING  
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RABAT 00000950 006.3 OF 006

¶16. An informal donors' session chaired by the OECD-MENA Secretariat reviewed expenditures to date and solicited suggestions on work ahead. The Swedish representative indicated that his government's contributions to the OECD-MENA program are funded through the end of 2010, but could not commit to additional funding beyond that date pending his government's internal review of assistance programs. Canada stated that funding for its governance and investment programs is assured through 2011. Japan's commitment was more open-ended; its representative said it will direct its funding to the investment program and evaluate the results over time. The U.S. explained that while we intend to seek funding for 2010, additional funding in 2011-12 will depend on the ability of the program to show measurable deliverables, especially those targeted to improving youth employment and women's entrepreneurship.

¶17. EEB, S/GWI and USOECD cleared this message.

JACKSON